

# PAYLINES

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## CIVILIAN PERSONNEL MANAGEMENT SERVICE WAGE AND SALARY DIVISION – NAF PAY SYSTEMS BRANCH

### FY 2005 WAGE SCHEDULES – DELAY EXPECTED

The Department of Defense anticipates a delay in the implementation of Fiscal Year (FY) 2005 Federal pay legislation, affecting the Crafts and Trades (CT), Administrative Support (AS), and Patron Services (PS) wage schedules for wage areas with effective dates early in FY 2005.

Last year, schedules with effective dates in October through January were issued March 8, 2004, pursuant to CPM 2004-06, which provided Federal Wage System (FWS) guidelines for the application of a 4.39% pay limitation and a minimum percentage based on the General Schedule (GS) adjustments, often referred to as “pay parity” for blue collar workers. This new provision created considerable challenges in the processing and implementation of Nonappropriated Fund (NAF) wage schedules. The GS adjustment varies by GS-defined locality area. Since FWS wage areas are defined differently, they were cross-referenced with GS locality pay areas. In some wage areas, NAF pay that resulted from the application of the GS percentage was actually higher than

the survey results subject to the pay limitation. In these cases, the GS percentage increase applied. The resulting difference in pay was to be funded from appropriated funds. The staff has provided “base schedules” to the Component headquarters to help determine the added NAF payroll cost to be paid from appropriated funds.

**Please note that the effective date is not changed when the issuance of schedules is delayed. All pay changes must be implemented retroactively to the effective date shown on the schedules.**

It is probable that the FY 2005 pay legislation will include both a pay limitation, also known as the “pay cap”, and the GS “pay parity” provision, which will apply to the CT, AS, and PS schedules. The overall GS increase being considered is 3.5%, part of which is expected to be allocated to locality pay. The specific limitation amount for FY 2005 will be determined by pending Congressional legislation and can be resolved only after the Federal Pay Council has determined GS adjustments. The general and locality increases for GS employees are a necessary ingredient for calculating the NAF schedules. Thus, we cannot finalize and release the FY 2005 schedules until the limitation percentage and GS locality pay adjustments are officially determined, and the authorization to issue schedules is

provided by the Office of Personnel Management.

We regret the delay, and will make every effort to furnish the schedules to you as quickly as possible, by mail and through our website.

### NPS SCHEDULES

*NAF Pay System (NPS) schedules, commonly referred to as the Payband Schedules, are not affected by the pending legislation. They will continue to be issued on time in accordance with each wage area effective date.*

### STATE MINIMUM WAGE

Pending changes effective January 1, 2005:

Illinois	\$5.50 to \$6.50
Vermont	\$6.75 to \$7.00

Affected wage areas should expect adjusted schedules prior to January 1, 2005. Please call us at (703) 696-1777 to advise us of any changes being considered in your state or locality.